

What is Claimed Is:

1. A process of selecting for investment a group of book-valued collective funds in an asset class from a population of such funds, comprising:

determining the past investment performance of the funds in the population, and  
selecting the group for investment based on variances in the population distribution from that of a normal distribution of said past investment performance around the mid-point of investment performance for the population.

2. The process of claim 1, wherein said population distribution is the display of investment performance, denominated as the average of past periodic returns as a function of investment risk, where the risk in turn is denominated in a manner selected from the group of risk measures consisting of: (i) as the variance of those past periodic returns around their average for each of said book-valued funds in said population, and (ii) the covariance of those past periodic returns to the average past periodic returns for the population for each of said book-valued funds in said population or those of an associated market index to said population.

3. The process of claim 2, further comprising the steps of:

sectioning said population distribution into equal-sized population portions under the assumption that the frequency distribution of values within the asset-class population, as calibrated for investment risk, conforms to a normal distribution from the center point of investment risk for the asset class; and

sectioning each of said equal-sized population portions into equal-sized population areas under the assumption that the frequency distribution of values within each population portion, as calibrated for investment returns, conforms to a normal distribution from the center point of investment returns for each respective population area.

4. The process of claim 3, wherein said step of sectioning of said population distribution into said equal-sized population portions is by drawing a dividing line at 0.675 standard deviations from a center point of investment risk, and then drawing another dividing line, also at 0.675 standard deviations, from the center of said average returns for each said portion of the population.

5. The process of claim 1, wherein said past performance is calculated for a number of periods adequate for generating a valid measure of returns variance consistent with preselected conventions of measurement in use by the investor.

6. The process of claim 5, wherein said past performance is determined for a period of at least the five preceding years.

7. The process of claim 3, further comprising the steps of:  
assigning each of said equal-sized population areas with a rank according to population size in descending order from most-populated to least-populated; and  
selecting for investment a group of funds that lie in at least one of said equal-sized population areas that has a high rank relative to all ranks assigned.

8. The process of claim 7, wherein said step of selecting for investment a group of funds is from a composite area formed from at least two of said equal-sized population areas having a high rank relative to all ranks assigned.

9. The process of claim 3, wherein said step of assigning each of said equal-sized population with a rank is executed according to proximity to the center point of an asset class for average return and returns variance in descending order from closest to furthest from said center point, according to the group of funds that lie in at least one area that has a high rank.

10. The process of claim 8, wherein said step of selecting of a group of funds for investment is from a composite area formed from at least two of said equal-sized population areas having a high rank relative to all ranks assigned.

11. The process of claim 1, further comprising the step of:  
eliminating from said group of funds selected for investment those funds that have a front-end sales charge, deferred sales charge, or redemption fee.

12. The investment selection process of claim 1, further comprising the step of:  
eliminating from said group of funds selected for investment those funds whose net asset value is less than 1% of the net asset value of the largest funds in said population.

13. A process for selecting investments in a population of book-valued funds, comprising the steps of:

(a) creating a population distribution representative of the past investment performance of each of the book-valued funds within an asset class, said past investment performance being measured in a two-dimensional spatial distribution with one dimension being investment returns and the other dimension being the risk of those returns;

(b) identifying variances in the population density throughout the distribution by dividing said population distribution into plural areas of equal-sized areas by population under

the assumption that the population is uniformly random and forms a normal distribution about a central point for said population distribution;

(c) measuring the population of said book-valued funds in each of said equal-sized areas;

(d) ranking the equal-sized areas by population size with a rank; and

(e) selecting for future investment those book-valued funds that are found in at least one said equal-sized areas having a high measured population size ranking, relative to all ranks, when so ranked.

14. The process of claim 13 wherein said population distribution is a display of investment returns, denominated as the average of past periodic returns as a function of investment risk, denominated as the variance of those past periodic returns around their average for each of said book-valued funds in said population.

15. The process of claim 13 wherein said population distribution is a display of investment returns, denominated as the average of past periodic returns, as a function of investment risk, denominated as the covariance of those past periodic returns to the average past periodic returns for the population for each of said book-valued funds in said population or those past periodic returns for an associated market index .

16. The process of claim 13, further comprising the step of:

sectioning said population distribution into from four to twenty-five of said equal-sized areas under the assumption that the frequency distribution of values within the asset-class population, as calibrated for investment return and risk on that return, conforms to a normal



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23. The process of claim 13, further comprising the step of:  
combining a population of two or more areas ranked as closest to a center point for asset class average returns and returns variance into one composite selected area.
24. The process of claim 22, further comprising the step of:  
investing in those funds that populate said single composite selected area.
25. The process of claim 23, further comprising the step of:  
investing in those funds that populate said single composite selected area.
26. The process of claim 22, further comprising the step of:  
eliminating from said single composite selected area funds that have a front-end sales charge, deferred sales charge, or redemption fee.
27. The process of claim 23, further comprising the step of:  
eliminating from said single composite selected area funds that have a front-end sales charge, deferred sales charge, or redemption fee.
28. The process of claim 22, further comprising the step of:  
eliminating from said single composite selected area funds those whose net asset value is less than 1% of the net asset value of the largest funds in said population.

29. The process of claim 23, further comprising the step of:  
eliminating from said single composite selected area funds those whose net asset value is less than 1% of the net asset value of the largest funds in said population.

30. The process of claim 22, further comprising the step of:  
creating an investment portfolio by holding funds in said single composite selected area for at least thirty-six months.

31. The process of claim 23, further comprising the step of:  
creating an investment portfolio by holding funds in said single composite selected area for at least thirty-six months.

32. The process of claim 22, further comprising the steps of:  
(i) selling funds in said single composite selected area after said at least 36-month holding; and  
(ii) using proceeds of said selling to further invest in a group of funds.

33. The process of claim 23, further comprising the steps of:  
(i) selling funds in said single composite selected area after said at least 36-month holding; and  
(ii) using proceeds of said selling to further invest in a group of funds.